

FRANKFORT & KOLTUN

Attorneys at Law
2061 Deer Park Avenue
Deer Park, New York 11729

ROBERT D. FRANKFORT
SCOTT A. KOLTUN*

** also member of California Bar*

Phone: (631) 242-7815
Fax: (631) 586-6029**

*** not for service*

March 28, 2008

Via Facsimile: (212) 805-7927

Honorable Naomi Reice Buchwald
United States District Court
Southern District of New York
United States Courthouse
500 Pearl Street
New York, New York 10007-1312

RE: Kennedy v. Roberts, 2007 Civ. 07766 (NRB)

Honorable Madam:

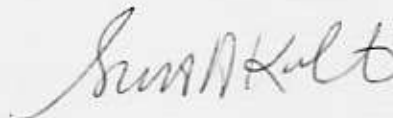
Pursuant to the Court's directive at the recent conference on March 20, 2007 I am enclosing the following:

- 1) Updated Chapter 11 Status Report for Bloomfield Estates, LLC prepared by the bankruptcy attorney for Bloomfield Estates LLC;
- 2) An email from the bankruptcy attorney David Golubchik addressed to the undersigned concerning what he views the prospects of the bankruptcy court approving any settlement in this matter.

Should you have any questions or wish to discuss this matter please do not hesitate to contact me.

Thank you for your attention to this matter.

Respectfully submitted,



SCOTT A. KOLTUN (SK 7661)

cc: Sandra Gale Behrle via facsimile (212) 843-9191

1 CRAIG M. RANKIN (SBN 169844)
2 DAVID B. GOLUBCHIK (SBN 185520)
3 LEVENE, NEALE, BENDER, RANKIN & BRILL L.L.P.
4 10250 Constellation Boulevard, Suite 1700
5 Los Angeles, California 90067
6 Telephone: (310) 229-1234
7 Facsimile: (310) 229-1244

8 Proposed Attorneys for Chapter 11 Debtor
9 And Debtor in Possession

10 UNITED STATES BANKRUPTCY COURT
11 CENTRAL DISTRICT OF CALIFORNIA
12 LOS ANGELES DIVISION

13 In re) CASE NO. 2:07-bk-20197-SB
14)
15 BLOOMFIELD ESTATES, LLC,) Chapter 11
16)
17 Debtor.) **UPDATED CHAPTER 11 STATUS**
18) **REPORT**
19)
20)
21) Hearing:
22) Date: March 25, 2008
23) Time: 10:00 a.m.
24) Place: Courtroom 1575
25)
26)
27)
28)

1 **TO THE HONORABLE SAMUEL BUFFORD, UNITED STATES BANKRUPTCY**
2 **JUDGE:**

3 Bloomfield Estates, LLC, debtor and debtor in possession herein ("Debtor"), hereby files
4 its updated Status Report with respect to the pendency of the Debtor's bankruptcy case.
5

6
7 **A. Background**

8 The Debtor's primary asset is that certain real property located at 3099 Mandeville
9 Canyon Road, Los Angeles, California (the "Property"). The Property consists of a 112 acre
10 residential estate in Brentwood, California known as the Robert Taylor Ranch. The Property
11 contains a main house with over 11,000 square feet. The property also has stables converted into
12 personal office space as well as guest units. The Property has been owned by Kenneth J. Roberts
13 for over 30 years.
14

15 In May 2006, Mr. Roberts obtained a loan in the principal amount of \$28 million from
16 New Stream Real Estate, LLC ("New Stream") to refinance the Property. In connection with the
17 financing, Mr. Roberts was required to transfer the property into an LLC. As a result, the Debtor
18 was formed in or about May 2006. The Debtor is not engaged in business operations, but is
19 solely the holding company for Mr. Roberts' personal residence. The Property does not generate
20 income.
21

22 Pre-petition, a dispute arose between the Debtor and New Stream with respect to the pre-
23 petition financing. Specifically, the Debtor objected to New Stream's efforts to foreclose on the
24 Property for nonpayment based on the Debtor's belief that New Stream did not comply with its
25 representations and promises to the Debtor. New Stream asserts that it is owed approximately
26 \$35 million, which assertion the Debtor disputes. Litigation ensued, with Mr. Roberts and the
27
28

1 Debtor commencing proceedings against New Stream and certain individuals associated
2 therewith before the District Court for the Central District of California (the "District Court
3 Litigation"). Philip Dapeer, Esq. is counsel to Mr. Roberts and proposed counsel to the Debtor
4 in the foregoing litigation.
5

6 A foreclosure sale of the Property was scheduled for November 6, 2007. In order to
7 avoid a foreclosure and preserve value of estate property, the Debtor commenced the instant case
8 on November 5, 2007.
9

10 **B. Conclusion of District Court Litigation**
11

12 Since the last Status Conference, the parties have entered into a stipulation pursuant to
13 which the District Court Litigation has concluded. The sole remaining issue from the District
14 Court Litigation is the Debtor's assertion of usury against New Stream. Unless an agreement is
15 reached with New Stream, the Debtor may raise this issue in connection with objecting to New
16 Stream's claim and/or its demand for payoff. However, there are no pending matters before the
17 District Court in the District Court Litigation.
18

19 **C. Debtor's Attempt To Settle Its Dispute With New Stream**
20

21 Post-petition, the Debtor has been using its best efforts to attempt to reach a settlement
22 with New Stream. Mr. Roberts has devoted virtually every moment of his waking hours to find a
23 solution to this issue, including, without limitation, numerous trips to other states to meet with
24 lending sources and other financial entities to address the New Stream issue. In fact, the parties
25 were on the verge of a settlement in the early part of January 2008. Unfortunately, the settlement
26 did not come to fruition due to no fault of the Debtor. Since that time, the Debtor has continued
27
28

1 to work on a solution and is committed to completing such tasks as may be necessary to bring
2 this matter to an amicable conclusion.

3
4
5 **D. Sale of Real Property**

6 The Debtor has been discussing the marketing and development of the Property with
7 numerous real estate professionals. The Debtor initially completed a co-listing agreement
8 pursuant to which multiple real estate firms would market the Debtor's property for sale. While
9 the Debtor was in the process of filing the employment application for such brokers, the Debtor
10 commenced an analysis to determine the best course of action with respect to the marketing of
11 the Property. Initially, the Debtor's plan was to list the Property at a set price and the co-listing
12 agreements and the employment application were drafted accordingly. However, after further
13 analysis, and due to the unique nature of the Property, wherein it can be utilized as a large estate
14 or subdivided into small estate parcels, the Debtor has made the determination that setting a fixed
15 listing price on the Property would not be prudent since it may attract certain buyers and turn
16 away others. In order to obtain maximum interest in the Property, the Debtor has determined
17 that it would be in the best interest of the estate to list the Property for sale without a fixed listing
18 price. The Debtor is in the process of procuring amended co-listing agreements from the
19 multiple brokerages and will file a revised employment application.

20
21
22
23 **E. Employment of Counsel**

24 The Debtor filed its application to employ Levene, Neale, Bender, Rankin & Brill L.L.P.
25 ("LNBRB") as general bankruptcy counsel. New Stream objected to such employment based on,
26 *inter alia*, the fact that Craig Rankin of LNBRB may be a witness in the District Court
27
28

1 Litigation. The Debtor had hoped that this issue would be mooted in the event of a settlement.
 2 Since a settlement has not been reached to date, to avoid further delays, and because the District
 3 Court Litigation is no longer pending, the Debtor is filing its response to the objection.
 4

5 In addition, the Debtor has filed an application to employ Mr. Dapeer as special litigation
 6 counsel. Based on pending settlement discussions, New Stream requested an extension of time
 7 to object to the employment. The deadline to object has not passed as of the date of filing this
 8 Status Report.
 9

10 **F. Claims.**
 11

12 This Court set February 29, 2008 as the deadline to file claims. April 25, 2008⁷ has been
 13 set as the deadline to assert objections to timely filed claims. The Debtor intends to assert its
 14 objections in accordance with this schedule.
 15

16 **G. Plan of Reorganization.**
 17

18 May 31, 2008 has been set as the deadline for the Debtor to file its Disclosure Statement
 19 and Plan of Reorganization. The Debtor intends to file such pleadings by such deadline.

20 Dated: March 21, 2008

BLOOMFIELD ESTATES LLC,

21 By: _____

22 CRAIG M. RANKIN
 23 DAVID B. GOLUBCHIK
 24 LEVENE, NEALE, BENDER, RANKIN
 & BRILL L.L.P.
 25 Proposed Attorneys for Chapter 11 Debtor
 and Debtor in Possession
 26
 27
 28

Scott Koltun

From: DBG [DBG@lnbrb.com]
Sent: Monday, March 24, 2008 6:10 PM
To: Scott Koltun
Cc: [REDACTED]
Subject: RE: Kennedy v. Roberts

Scott,

Per our discussion, you asked what can be done if a settlement is reached in New York. Because the mortgage is technically owned by Bloomfield, which is in bankruptcy, we would have to file a motion with the Bankruptcy Court pursuant Rule 9019 of the Federal Rules of Bankruptcy Procedures to approve the settlement. If the settlement is fair and reasonable, and supported by Ken, I believe that it is likely that Bankruptcy Court approval would be received to effectuate the settlement.

If you have any questions, don't hesitate to contact me.

Thanks

David B. Golubchik, Esq.
Levene, Neale, Bender, Rankin & Brill L.L.P.
10250 Constellation Blvd., Suite 1700
Los Angeles, California 90067
Telephone: (310) 229-1234
Facsimile: (310) 229-1244
Direct: (310) 229-3393
Email: dbg@lnbrb.com
Website: www.lnbrb.com

Note: This email and all documents attached hereto are subject to the firm's email policy. By viewing this email and the attachments, you acknowledge that you have read and understand the disclaimers located at the following website address: <http://www.lnbrb.com/disclaimers.htm>

3/26/2008